

Protecting Retirement and Health Benefits after Job Loss

Job termination or a reduction in hours can result in a loss of retirement and health benefits. However, employees and their families may have rights under Federal law that can help protect benefits when employment changes.

HIPAA — Enrolling in Another Health Plan

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) helps when you are switching from one job to another. If other group health coverage is available (for example, through a spouse's employment-based plan), special enrollment in that plan should be considered. It allows the individual and his/her family an opportunity to enroll in a plan for which they are otherwise eligible, regardless of enrollment periods. However, to qualify, enrollment must be requested within 30 days of losing eligibility for other coverage. After special enrollment is requested, coverage must be effective no later than the first day of the first month following your request for enrollment. This type of coverage is usually the most cost effective of all the options.

HIPAA requires most health plans to provide coverage for preexisting medical conditions after 12 months (in most cases). The law also requires a new employer's health plan to offset this 12-month period by giving you credit for the number of days you had previous coverage — unless you had a major break in coverage. Your former employer is required to provide a certificate that documents your "creditable coverage." (Order *Your Health Plan and HIPAA...Making the Law Work for You* for answers to commonly asked HIPAA questions.)

COBRA — Continuing in Your Old Health Plan

The Consolidated Omnibus Budget Reconciliation Act of 1985 - also known as COBRA - can help former employees and their families continue their health care coverage. If you were laid off, if you quit your job or retired, or if your hours were reduced, you may qualify. (You will not qualify, however, if you were laid off for gross misconduct.) Your employer must have had 20 or more employees, you must have been a participant in your employer's group health plan, and your employer must continue to maintain a health plan.

Once your job ends, your plan must provide you with written notice explaining your rights under COBRA. You have 60 days from the date the notice is provided or from the date coverage ended - whichever is later - to sign up for (or elect) COBRA coverage. It begins the day your health care coverage ended and lasts up to 18 months (and longer in some cases). However, you may pay the entire group rate premium, plus a 2 percent administrative fee.

If you were involuntarily terminated from employment and you are eligible for COBRA as a result, you may be eligible for a 65 percent reduction of your COBRA premium for up to 15 months under the American Recovery and Reinvestment Act of 2009 (ARRA), as amended by the Department of Defense Appropriations Act, 2010 (2010 DOD Act). To be eligible for this premium reduction, the involuntary termination must have occurred at some time during the period from September 1, 2008 through February 28, 2010 and you must not be eligible for coverage under another group health plan (such as a spouse's health plan) or Medicare. The premium reduction applies for periods of coverage beginning on or after February 17, 2009. Should your employer, plan or insurer deny you the premium reduction, you can apply to the Department of Labor for an expedited review of the denial. Visit the COBRA Web page at www.dol.gov/COBRA for the application to request the Department's review as well as additional information on ARRA as amended and COBRA. You can also order the COBRA Premium Reduction Fact Sheet as well as *An Employee's Guide to Health Benefits Under COBRA* for more information.

ERISA - Protecting Your Retirement Assets

The Employee Retirement Income Security Act of 1974 (ERISA) provides guidance for employers who have retirement plans and gives you specific rights to plan information. For instance, if you lose your job, request a copy of your plan's summary plan description (SPD) and ask for an individual benefit statement. The SPD tells you if and when you can collect your benefits or how to roll over your 401(k) account to a new employer's plan or to an IRA (if your old plan permits you to do so). The individual benefit statement lets you monitor your account balance and is an important statement to keep on file. (For more information on protecting your retirement benefits, order *What You Should Know About Your Retirement Plan*.)

Get the Facts NOW

More information on your rights and responsibilities as a dislocated worker are contained in *Retirement and Health Care Coverage...Questions and Answers for Dislocated Workers*. To order any of the publications mentioned, call 1-866-444-EBSA (3272) or view them on the Web at www.dol.gov/ebsa.

If you have questions about your rights and responsibilities under HIPAA, COBRA, ARRA, the 2010 DOD Act, and ERISA, call the toll-free number above and speak to a Benefits Advisor in the regional office nearest you.



U.S. Department of Labor
Employee Benefits Security Administration
Revised February 2010